

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant(s): Claiidge, Br. T., *et al.*
App. No.: 10/068,542
Filing Date: February 6, 2002
Conf. No.: 8906

Art Unit: 3627
Examiner: Buchanan, Christopher R
Title: METHOD OF POINT OF SALE
INVESTMENT

DECLARATION OF EDWARD GRAU UNDER 37 C.F.R. §1.132

I, EDWARD GRAU, an authorized representative of assignee GC Inventions LLC, declare as follows:

1. I have approximately ten or more years of experience in the field of investment program contribution systems.

2. A true and correct copy of my Curriculum Vitae ("C.V.") is attached to this declaration as Exhibit A.

3. I am the sole inventor of a separate patent application, U.S. Patent Application No. 10/711,172, which is entitled, "Investment Program Contribution System."

4. I am familiar with the subject matter described in U.S. App. No. 10/068,542, in Claiidge *et al.*, directed to a "Method of Point of Sale Investment," and filed February 6, 2002.

5. I am also familiar with the subject matter described in U.S. Patent No. 6,112,191 to Burke ("the '191 patent"), directed to a "Method and System to Create and Distribute Excess Funds from Consumer Spending Transactions," and filed April 27, 1995.

6. Regarding U.S. App. No. 10/068,542, described above in paragraph 4, I am familiar with the USPTO Office Action mailed February 11, 2008. In particular, I am aware that page 3 of the Office Action states, "[I]t would have been obvious to one of ordinary skill in the art, at the time of the invention, to have modified the method of Burke so as to include in the investment-preference information a predetermined monetary investment amount for the on-demand investment . . ."

7. Regarding the modification of Burke '191 patent, I disagree with the Office Action statement quoted above in paragraph 6. From approximately 1998 to the present, I have known that the methods described in the Burke '191 patent interfere with the underlying purchase transaction between the consumer and merchant. More specifically, the purchase transaction of the '191 patent is altered by requiring an overpayment by the consumer for the merchant's goods or services. It is further my assessment that neither financial institutions nor individual merchants would want to use a method or system that interferes with the integrity of the purchase transaction between the consumer and merchant, particularly with respect to card transactions. In contrast to the statement in the Office Action, the methods of the Burke '191 patent would be disagreeable to modification and ineffective for on-demand investment.

8. Even if the methods described in the Burke '191 patent were used as indicated above by the Office Action quotation in paragraph 6, the methods would be expected to result in technical failure. In all methods indicated by Burke, an "Excess Amount" and "Total Withdrawal" are required—these required aspects of the Burke '191 patent are generally incompatible with point of sale (POS) software and hardware used in the marketplace. To use the methods of Burke would mandate a substantial change to all POS terminals and payment processor systems in order to process an "Excess Amount" and calculate a "Total Withdrawal." The processing of a "Total Withdrawal" amount would also create numerous problems that are unacceptable within the POS industry. For example, the "Total Withdrawal" would increase the risk of declining an otherwise acceptable transaction amount. It would also increase the risk of confusion with any difference in the purchase price and the "Total Withdrawal," which would cause considerable complexity in processing purchase returns and part returns. Modifying the purchase amount with the "Excess Amount" to create the "Total Withdrawal" also increases processing time, complexity, and would create several areas of inconsistency between various domestic and international payment systems and processors where transactions are pre-authorized at different value thresholds without clearing the card issuer. In view of the above-listed factual considerations, it is my assessment that the methods of the Burke '191 patent would be expected to be ineffective and inappropriate for on-demand investment.

9. The methods described by The Burke '191 patent are also inconsistent with common industry practice regarding consumer privacy and fraud prevention. Since organizations that issue cards differ from organizations that maintain POS networks and process payments, the methods of Burke also require cardholder information to reside at the payment processor level creating customer privacy issues for the card issuing financial institution. Among other potential problems, an altered card purchase transaction would be expected to disrupt interchange fees and the associated payment authorization network.

10. It is my opinion that the methods of the Burke '191 patent would not have been agreeable to modification for on-demand investment. It is my also opinion that modifications to the Burke '191 patent would be expected to be ineffective or unacceptable for making an on-demand investment.

11. It is also my assessment that the Burke '191 patent does not allow a purchaser to make an on-demand investment transaction—a transaction separate and discrete from the purchase transaction. Rather, Burke only allows a consumer to pay extra for the goods or services provided by the merchant. Moreover, the excess funds from overpayment are then held by the merchant or the provider network, and not the consumer. Consequently, it is my assessment that the Burke '191 patent does not describe an on-demand investment nor an investment transaction.

12. Because the Burke '191 patent relies on the consumer to make an overpayment to the merchant to generate excess funds, it is also my assessment that Burke does not describe any savings account linked to an investment account.

13. I further declare that all statements made herein of my knowledge are true and that all statements made on information and believe are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States

Application No. 10/008,542
Att. Docket No. 123695
Declaration of Edward Grau

Code, and that such willful false statements may jeopardize the validity of the above-referenced patent.

Executed the 23 day of June, 2008.



Edward Grau

On this 23rd day of June, 2008, before me personally appeared Edward Grau, to me known to be the person described in, and who executed the foregoing instrument, and duly acknowledged to me that he executed the same for the uses and purposes therein set forth.



Notary Public

My Commission expires:
April 23, 2011

NIKHIL DHAMELIYA
Notary Public, State of New York
No. 01DH8164432
Qualified in New York County
Commission Expires April 23, 2011

EXHIBIT A

CURRICULUM VITAE OF EDWARD GRAU

Edward Grau, CPA, CFA, FRM, PRM

44 RIVER STREET, SUITE 200
NEW YORK, NY, 10014
(212) 486-1874

Professional Experience:

2004-Present: Director, Change the World, Limited, New York

- Director and CFO of private equity firm investing in wealth advisory and investment technology.
- Managed payment design for credit card and debit card investment
- Worked with heads of Citi Card Products to design batch card investment programs that would work within banking payment platforms and systems
- Worked with payment teams at MasterCard to help design batch card investment platforms that could operate within member banks
- Discussed pilot card investment programs at Wamu, Fifth Third, MBNA, and
- Prepared deal book, financial forecast, equity participation, and arranged lender financing with Citi
- Worked with the Center for Finance Innovation help with underbanked debit card savings
- Worked with several charities on Debit and Credit card donation programs

1997-2004: Senior Manager, Capital Markets Risk Management CapGemini Ernst & Young, NY

- Helped design investment platforms for financial advisors and brokers better serve customers
- Helped design electronic banking systems, payment platforms, and card service offerings for banks
- Helped improve accounting and finance operations at Discover cards
- Developed systems that price over 6 million investment products for Standard & Poor's investment management clients

1995-1997 Controller, Canadian Imperial Bank of Commerce, Toronto

- Controller responsible for a multi billion dollar investment portfolio and customer credit limits
- Improved client credit review processes and controls achieving the cleanest internal audit to date.

1992-1995: Assistant Manager, VISA Card Service Operations, CIBC, Toronto

- Manager for Visa portfolio including limit setting, credit modeling, VaR, fraud, and collection activity
- Assisted in operations for monthly account management, payment monitoring, purchase activity, and new card spending programs
- Implemented first VISA Customer Lifetime Profitability model matching revenue with Value-At-Risk
- Managed CRM operations using segmentation and experimental design for acquisition and retention
- Won Chairman's award for increasing sales and reducing write-offs through credit strategy redesign

Professional Exposure:

- Authored "Transforming Brokers into Risk Advisers" for Wall Street & Technology Conference 2004.
- NY Steering Committee member for Professional Risk Management International (www.prmia.org).
- Hosted several PRMIA panel discussions on Credit Risk, Pension Crisis, and Wealth Management.
- Presented a Pragmatic Approach to Implementing a BASEL II to PRMIA in Boston and New York
- Winner of the 2002 New York Society of Security Analyst's Volunteer of the Year Award.

Education:

- Professional Risk Manager (PRM), Professional Risk Managers' International Association, 2003
- Financial Risk Manager (FRM), Global Association of Risk Professionals, 2001
- Chartered Financial Analyst (CFA), Association for Investment & Management Research, 2000.
- Certified Public Accountant (CPA), Delaware, 1999
- Certified Management Accountant (CMA), Ontario, 1995
- Honors BBA in Finance and Mathematics, Wilfrid Laurier University, Waterloo, Ontario, 1992